



California Tourism Advertising Effectiveness & ROI Research

Phase 2 Report

December 2006

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BACKGROUND & OBJECTIVES

California Tourism, a unique public/private partnership, markets the State as a tourist destination. The strategy is to invest in the California brand and the organization has developed advertising that focuses on the coveted *California lifestyle*, to differentiate the State. During 2006, the campaign for visitors was taken to a national level, targeting affluent travelers across the country.

This research was designed to measure the impact of the ad campaign and identify travel related to the advertising. Of course, people will visit California despite promotional efforts. As such, the challenge is to identify the level of visitation and visitors' expenditures which *would not have occurred without the advertising*. This is "incremental travel" which can be attributed to the ad campaign – and the expenditures associated with the incremental travel represent the economic impact from the effort. Overall economic impact is then compared to campaign expenditures to calculate the return on investment.

To assess the campaign in full, the research considers the various steps necessary to influence a potential visitor and generate visitation to California. The diagram below shows (on the left) each step in the decision-making process, and (on the right) the measures used to evaluate campaign effectiveness. Specifically, the advertising has to reach the intended audience, communicate a compelling message, influence the attitudes of the audience relative to California as a travel destination, build interest in visitation and, finally, convince consumers to visit the State.

Influence Process		Measure
Reach	→	Advertising Awareness
Message	→	Creative Evaluation
Influence Attitudes	→	Comparative Image Assessments
Build Interest	→	Comparative Interest in Visitation
Generate Travel	→	Incremental Travel

The initial phase of research measured the first four steps in the process - the success of the campaign in reaching the audience through building interest in visitation. This phase focuses on determining the level of visitation generated by the campaign and what portion of that visitation would *not* have occurred without it.

The objectives of this research included the following:

- **Measure travel to California and determine the incremental travel** attributable to the ad campaign;
- **Determine the economic impact** of this incremental travel;
- **Calculate the return on investment (ROI)** from the campaign;
- **Gauge the impact on each target market group** and measure the contribution toward economic impact from each group;
- **Explore differences in travel and impact** among the various geographic areas to identify the best targets for future efforts;
- **Investigate the role of additional information in creating loyalty and visitation** among those who contacted California tourism;
- **Assess tactical issues** relative to generating the highest level of incremental travel; and
- Based on the findings, **forward conclusions and recommendations** for refining the advertising efforts.

The following report summarizes the key findings from this research. In addition, conclusions and recommendations are forwarded to guide future advertising campaign endeavors.

METHODOLOGY

To facilitate tracking changes over time and showing comparisons to past efforts, the methodology for this survey was similar to that used in 2003. An on-line survey allowed participants to see the actual ads for determining advertising awareness. Almost 5000 surveys were completed and were designed to measure performance in several market groups, including:

- **Western Feeder Markets** – five western markets where California tourism focused additional advertising;
- **Opportunity Markets** – California Tourism identified a group of markets with strong potential and targeted with additional advertising;
- **Remaining West** – AZ, CO, ID, NM, MT, NV, OR, UT, WA & WY (**MINUS** Seattle, Portland OR, Salt Lake City, Denver & Phoenix DMA's)
- **California** – in-state residents represent great opportunity and significant travel
- **National** - AL, AR, CT, DC, DE, FL, GA, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MS, NE, NH, NJ, NY, NC, ND, OH, OK, PA, RI, SC, SD, TN, TX, VT, VA, WV, WI (**MINUS** Houston, Dallas, San Antonio, New York City, Chicago DMAs)
- **Web Inquiries & Contacts** – those who requested information from California Tourism

For every group, except for inquirers, SMARI worked with a national vendor to access their e-mail panel of potential respondents to reach potential participants based on specific qualifications of income. Below is the sample size for each group. Once the surveying was complete, the surveys were weighted to be representative of the overall population.

Potential survey participants were sent an invitation and Web-link. If they accepted, the link led to the survey, which was housed on our Web server to allow for monitoring completion rates and quotas.

Minor changes were made to the 2003 survey, a copy of which appears in the Appendix, along with information on the tested advertising. The survey focused on gathering information from participants regarding the *leisure trips* they had taken.

Upon completion of the data collection phase, an SPSS dataset was compiled and used to conduct the analysis. The data will be provided separately. This report summarizes the key findings and includes conclusions and recommendations.

Western Feeder Markets	
<i>In each market 150+ had hh income of \$75K+, with remainder \$50K+</i>	
Seattle	254
Portland	310
Salt Lake City	208
Denver	314
Phoenix	260
Opportunity Markets	
<i>All participants \$75K+</i>	
Texas -Houston, Dallas, San Antonio	533
New York City	587
Chicago	556
In-state	334
Remaining West	261
National	806
Inquirers	574
Total	4997

THE ADVERTISING CAMPAIGN

Before evaluating the success of the 2006 ad campaign, it is helpful to address the scope of the campaign and compare this to past efforts. This year the major element of the campaign was a national cable buy of \$4.4 million. This was augmented by a cooperative television effort with Southwest Airlines, which targeted Seattle, Houston, St. Louis and Chicago, at a cost of \$373,000. It was believed that to reach the targeted audience, a national audience was appropriate, as affluent households would be reached nation wide and within California. A very minor print component was included in the campaign. Generally, however, the campaign focused on TV advertising.

The advertising was designed to continue the investment in the California brand and market the State based upon consumers' desire for the coveted California lifestyle. The creative continued to highlight this theme and was similar in style to the advertising which has been used since 2003. The targeted audience was affluent households that earn incomes of \$75K or more.

For purposes of comparison, the 2003 campaign incorporated \$4 million in advertising, which was spent in targeted markets during spring 2003. The 2003 campaign included TV *and* print ads. While the larger share of expenses was invested in TV, print was a much larger component of the 2003 campaign.

CAMPAIGN EFFECTIVENESS – INITIAL MEASURES

As noted, a dual-phased methodology was used to measure advertising effectiveness. Phase 1 focused on the reach of the advertising, recall among the target audience, and effectiveness of the creative. This year, ad recall was measured while the campaign was being aired via a weekly monitor to gain an accurate measure while recall was fresh. Phase 2, this phase, measures actual travel, though the economic impact and ROI calculations are based on a combination of initial recall and visitation. As such, it is beneficial to review the key findings from Phase 1 relative to the strength of campaign reach and the message before turning to an analysis of visitation.

To influence travel, consumers must first be exposed to the advertising. Levels of recall indicate how many people were aware of the ads. Nationally, 44% of the traveling population or 36 million households recalled the campaign = significant reach. Given that the total budget was just \$4.4 million, the campaign was quite successful. Predictably, recall varied across the market groups, with the highest recall coming from California and the Western Feeder markets. The weakest recall was recorded by the Other Western markets.

**Awareness
by Target Market Group**

California	55.5%
Western Feeder	52.5%
Opportunity Markets	43.6%
Remaining National	42.0%
Other Western	40.0%

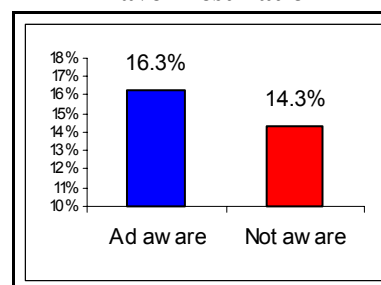
The campaign was also evaluated relative to the strength of its messaging. The respondents were shown the advertising and asked to rate it on a 5-point scale, where higher ratings are better. Here, a score of 3.75 or higher is *excellent* and 3.5 or higher is *good*. In this context, the advertising generally earned good ratings, stronger than those earned by the competition.

Ratings of Campaigns

Ratings for...	CA	TX	FL	AZ
These ads make you more interested in visiting this state	3.4	3.0	3.2	3.4
These ads show experiences & places you are interested in	3.5	3.1	3.3	3.4
These ads show a unique place w/a diverse & desirable lifestyle	3.6	3.1	3.3	3.3
Average	3.5	3.1	3.3	3.4

The fact that the campaign had broad reach and a strong message is encouraging. The more positive finding from Phase 1 was the impact of the campaign on consumers' attitudes and travel behavior. Those who saw the advertising were more likely to name California their preferred leisure travel destination.

**California as Preferred
Travel Destination**



In addition, awareness spurred consumers to take action and learn more about the State. Among those who saw the advertising:

- 5.4 Million gathered information about a trip to California
- 4.1 Million visited a California Website (including the State site and specific destination sites)
- 550,000 Called an 800 number for more information (again, perhaps including specific CVB or attraction sites)

Initial measures of the ad campaign were positive and generated optimism about the final results. Ultimately, however, the goal was to convince people to visit California and to generate trips which would not have otherwise occurred. Meeting these objectives would mean the generation of additional economic impact and a positive ROI.

This year several specific geographic market areas were included, and performance varied significantly between areas. The best way to review the effectiveness of the advertising is to review each area separately. Once this is done, the report turns to an overview of economic impact and ROI.

Western Feeder Markets

A key traditional target for California has been a group of western feeder markets -- Denver, Phoenix, Portland, Seattle, and Salt Lake City -- generally strong markets for the State. Among these consumers, California was the most popular destination.

Relative to established markets, it is especially important to explore the popularity of various destinations for leisure travel during 2006. Some interesting patterns in leisure visitation are noted. While California was the most visited state, Colorado earned a strong share of trips due to a higher average number of visits. This competitive situation highlights the need for California to continue advertising to maintain share in these markets.

Visitation to Competitive States Western Feeder Markets

State	% Visited during 2006	Average # Trips	Share of Trips
California	41.3%	2.1	31%
Colorado	20.0%	2.8	20%
Nevada	28.0%	1.7	17%
Utah	13.7%	2.2	11%
Texas	10.1%	1.6	6%
Florida	13.0%	1.3	6%
New York	10.4%	1.4	5%
Hawaii	12.1%	1.1	5%

The respondents were asked about their most recent trip to the State. Those in the Western Feeder markets were more likely to report a recent trip in the fall. Spring was also a popular time for visitation. People were less likely to visit during the summer and winter months.

Visited California in...

Season	Other West	Index
Winter (December/January/February)	9.9%	84
Spring (March/April/May)	20.6%	116
Summer (June/July/August)	32.2%	94
Fall (September/October/November)	37.4%	101

In terms of travel planning, most people in these markets planned their trips one to four months in advance. There was seemingly a segment that decided to visit just a few weeks in advance, but most took longer to plan their trips. While these markets are relatively proximate to the State, spur of the moment trips were apparently rare.

Started Planning Trip to California

Timeframe	Western Feeder	Index
Less than one week	3.1%	85
One to two weeks	7.2%	104
Two to three weeks	9.3%	99
Three to four weeks	11.8%	99
One to two months	30.1%	103
Three to four months	21.3%	99
More than 4 months in advance	16.9%	100

Time stayed in the area by these visitors was slightly below average, perhaps due to their proximity. However, many stayed longer than a weekend, which is probably why the planning cycle was longer. The travel party size was average and slightly more traveled with children.

Specifics	Western Feeder	Overall Average
Number of nights	4.6	4.9
People on trip	2.9	2.8
Kids under 18 on trip	0.7	0.5
% Of trips with children under 18	27.4%	21%

The behavior of this group was fairly average relative to paid lodging, at about 70%.

Used Paid Lodging	Western Feeder	Overall
Yes	69.6%	67.1%
VFR	37.3%	39.4%

Visitation seemed concentrated in a few areas, with Southern California sites being the most popular.

Visitors from the Western Feeder markets reported relatively low levels of visitation to San Francisco and other cities. This may relate to air fares or special deals.

Destinations in California

	Western Feeder	Overall	Index
Los Angeles	32.8%	31.9%	103
San Diego	31.4%	28.7%	109
San Francisco	28.7%	33.2%	86
Anaheim/Orange County	23.8%	19.8%	120
Other	14.5%	17.8%	82
Sacramento	10.4%	11.0%	94
Palm Springs	9.6%	12.3%	78
Monterey	6.5%	9.8%	67
Lake Tahoe	5.4%	12.0%	45

A popular pursuit among Western Feeder visitors surrounded outdoor activities. Over half the respondents reported enjoying these sorts of activities, a figure much higher than the average. They were also more likely to report visiting amusement and theme parks. While these visits were of average duration, this group reported participating in more activities – on average, 2.5, as compared to 2.2 activities among visitors overall.

Western Feeder Visitors' Activities

Activities	Western Feeder	Index to Average
Shopping	62.0%	98
Outdoor activities	51.6%	112
Visit friends or relatives	50.9%	99
Take scenic drives / driving tours	42.6%	105
Visit historic sites / museums	29.1%	104
Attend special events	27.5%	100
Visit state / national parks	22.8%	105
Visit amusement / theme parks	20.8%	113
Other	11.4%	109
Visit wineries	9.6%	97
Attend sports events	8.0%	89

On a positive note, Western Feeder market visitors reported trip expenditures of \$1,524. Despite shorter stays and smaller travel parties, these visitors spent more. Expenditures for lodging, food and transportation pushed up the overall total.

Expenditures for...	Western Feeder	Overall
Lodging/Accommodation	\$405	\$362
Meals/Food/Groceries	\$284	\$253
Entertainment/Attractions	\$173	\$146
Shopping	\$197	\$204
Entertainment, e.g., shows/theater/concert	\$48	\$48
Transportation, e.g., gas/rental/flight	\$372	\$330
Other	\$45	\$36
Total	\$1,524	\$1,379
Per-person expenditures	\$529	\$497
Per-person/per day	\$114	\$101

The demographic profile of Western Feeder visitors is quite similar to visitors as a whole, with few significant differences. These visitors were generally:

- Married and Caucasian with at least a college degree
- Slightly younger than visitors overall (46 years of age versus 47)
- Earn lower household incomes (\$90,000 vs. \$98,000)

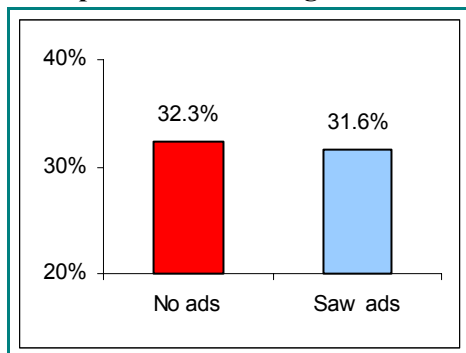
The impact of the campaign is measured via influenced travel *and* incremental travel. Influenced travel represents the trips taken by those who were exposed to the advertising. Incremental travel is visitation that occurred only as a result of exposure to the advertising. One and one-half million households in these markets were aware of the advertising. Among these, 475,000 took qualified trips to California, (trips that occurred after the ad campaign began). Given the average number of trips, a total of 940,000 trips were made by the aware households – these represent *influenced* trips.

Influenced Visitation Western Feeder Markets

Population	2,861,262
Aware	52.50%
Aware HHs	1,502,162
Level of travel among aware	31.60%
Influenced HHs	474,683
Average number of trips	2.0
Influenced trips	949,367

Given that the Western Feeder markets are strong, established markets for California Tourism, their level of visitation is already strong. Unfortunately, this year, there is no statistical difference in visitation between those who were exposed to the advertising versus those who were not. This indicates a lack of incremental travel from these markets.

Impact of Advertising on Travel



Incremental Travel Western Feeder Markets

	Western Feeder
Targeted HHs in Market	2,861,262
Awareness %	52.5%
Aware HHs	1,502,162
Increment of travel	0.00%
Incremental HHs traveling	0
Incremental Visitors	0

The Western Feeder markets are well established for California, and the level of travel is high. The findings reinforce this fact, indicating that approximately 950,000 trips were made by those with advertising awareness. Nonetheless, in these markets, the advertising seems to be reinforcing travel behavior rather than generating additional trips. This should be expected given the strength of these markets, but suggests that expanded focus on the advertising is a good strategy.

Other Western Markets

While California Tourism has focused resources on key Western Feeder markets, the west, in general, represents a major source of visitation to the State. As with the Western Feeder markets, California was the most popular destination among these Western markets, and visitors reported making multiple visits. However, the frequency of visitation to Colorado was higher, thus increasing its overall share of travel (although it was still below that for California). Nevada and Texas were the other key competitors for these potential visitors.

Visitation to Competitive States Other Western Markets

State	% Visited during 2006	Average # Trips	Share of Trips
California	44.8%	2.1	29%
Colorado	21.1%	3.1	20%
Nevada	26.4%	2.0	17%
Texas	18.8%	2.3	13%
Utah	14.9%	1.9	9%
Florida	14.6%	1.2	5%
New York	10.0%	1.3	4%
Hawaii	9.2%	1.2	3%

In terms of time of visitation, most of the visits occurred in the fall or summer months. Because these visitors took multiple trips, they were likely in the State over the past few months.

Visited California in...

Season	Other West	Index
Winter (December/January/February)	5.9%	60
Spring (March/April/May)	19.1%	93
Summer (June/July/August)	32.4%	101
Fall (September/October/November)	42.7%	114

Travelers from the Other Western markets either took their time planning a trip - planning more than three months in advance - or they took *last-minute* trips, planning a few weeks beforehand. We see a mix of short getaways and more substantial vacations, which were perhaps influenced by proximity.

Started Planning Trip to California

Timeframe	Other West	Index
Less than one week	8.1%	116
One to two weeks	9.0%	107
Two to three weeks	6.7%	77
Three to four weeks	11.0%	86
One to two months	24.3%	90
Three to four months	24.8%	120
More than 4 months in advance	15.7%	110

Visitors from these markets stayed slightly longer than the average, with a mix of trip types. About half were 3 days or less, and 20% were 7 days or longer. As with the Western Feeder markets, these travel parties were of average size, and slightly more traveled with kids.

Specifics	Other West	Overall Average
Number of nights	4.8	4.7
People on trip	2.9	2.8
Kids under 18 on trip	0.6	0.5
% Of trips with children under 18	23.5%	21.6%

These visitors were slightly less likely to use paid lodging and to stay with family or friends, making a slightly higher percentage of day trips.

Used Paid Lodging	Other West	Overall
Yes	64.7%	67.1%
VFR	37.5%	39.4%

These visitors traveled several California destinations including San Francisco and LA. Yet, they were less likely than others to visit San Francisco. They were more likely to choose Orange County and San Diego.

Destinations in California

	Other Western	Overall	Index
Los Angeles	32.0%	31.9%	100
San Diego	29.3%	28.7%	102
Anaheim/Orange County	23.3%	19.8%	118
San Francisco	22.0%	33.2%	66
Other	17.3%	17.8%	97
Sacramento	14.7%	11.0%	134
Palm Springs	11.3%	12.3%	92
Lake Tahoe	9.3%	12.0%	78
Monterey	5.3%	9.8%	55

Note that the most prevalent activity among these markets was visiting friends or relatives. Shopping was also popular, but not as prevalent as the average. As with the Western Feeder markets, these visitors reported enjoying a greater number of activities - an average of 2.5, compared to 2.2 for visitors overall.

Activities – Other Western Markets

Activities	Other Western Markets	Index to Average
Visit with friends or relatives	57.0%	111
Shopping	56.2%	89
Take scenic drives or driving tours	39.3%	97
Outdoor activities	38.2%	83
Attend special events	24.3%	88
Visit historic sites or museums	22.1%	79
Visit state or national parks	19.9%	91
Visit amusement or theme parks	17.3%	94
Attend sporting events	12.5%	141
Visit wineries	12.1%	122
Other	11.8%	112

While visitors from the Western Feeder markets spent more than the average during their trips, this was not the case for Other Western visitors. Their spending was average, actually spending a bit less per-person per-day.

Expenditures for...	Other Western Markets	Overall
Lodging/Accommodation	\$357	\$362
Meals/Food/Groceries	\$260	\$253
Entertainment/Attractions	\$133	\$146
Shopping	\$212	\$204
Entertainment, e.g., shows/theater/concert	\$31	\$48
Transportation, e.g., gas/rental/flight	\$346	\$330
Other	\$24	\$36
Total	\$1,363	\$1,379
Per person expenditures	\$474	\$497
Per person/per day	\$99	\$101

The demographic profile of visitors from the Other Western markets was somewhat different:

- Much more likely to be married and to report lower levels of education
- Older than visitors overall (51 years of age versus 47)
- Earn lower household incomes (\$94,000 versus \$98,000)

The impact of the campaign is measured in terms of both *influenced* travel and *incremental* travel. Influenced travel represents the trips taken by those who were exposed to the advertising. Incremental travel represents visitation that occurred only as a result of the advertising. Over 3 million ad aware households in these markets, and 1.4 million ad-aware respondents traveled. With an average of 1.9 trips, this represents almost 2.7 million influenced trips.

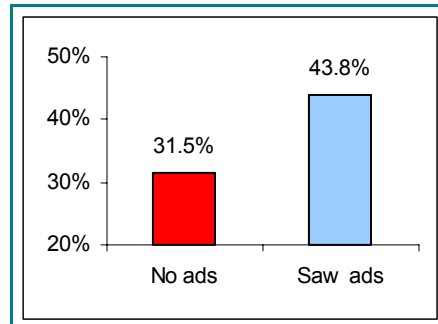
**Influenced Visitation
Other Western Markets**

Population	7,908,571
Aware	40%
Aware HHs	3,163,428
Level of travel among aware	44.9%
Influenced HHs	1,420,379
Average number of trips	1.9
Influenced trips	2,698,721

It is also quite positive to find that the level of travel among those with advertising awareness was significantly higher than those without awareness. As such, in these markets, approximately 390,000 additional households traveled for a total of 580,000 *incremental* trips.

	Other Western Markets
Targeted HHs in Market	7,908,571
Awareness %	40%
Aware households	3,163,428
Increment of travel	12.30%
Incremental HHs traveling	389,102
Average Trips	1.5
Incremental Trips	583,653
Incremental Visitors	1,692,592

Impact of Advertising on Travel



While it is difficult to generate additional travel from the Western Feeder markets, this is not the case in Other Western markets, as they tend to travel California. Still, the advertising increased travel significantly. These markets represent strong potential for California and perhaps should be the focus of additional marketing. A review of visitation identified several DMA's for which travel was high, including Las Vegas, Tucson, Medford and Bend, Oregon, and Idaho Falls and Boise, Idaho.

Opportunity Markets

As California Tourism increased its budget and began to focus on a wider geographic area, several key markets were identified as providing the best opportunities for generating additional visitation. These Opportunity markets have large populations and travel heavily. They include New York City, Chicago, and three markets in Texas – Dallas, Houston and San Antonio.

While in many of the markets, California was the most popular destination, this was not the case with the Opportunity markets. New York, Texas and Florida were all more popular, as California garnered just 12% of the total travel. This was due to both lower levels of visitation and fewer repeat trips. Distance obviously had an impact, but for these markets, California faces a much more difficult competitive situation.

Visitation to Competitive States Opportunity Markets

State	% Visited during 2006	Average # Trips	Share of Trips
New York	26.8%	2.8	26%
Texas	25.2%	2.7	23%
Florida	35.3%	1.6	20%
California	24.4%	1.5	12%
Nevada	18.5%	1.4	9%
Colorado	9.7%	1.4	5%
Hawaii	6.4%	1.1	2%
Utah	3.9%	1.2	2%

Distance also played a role in the timing of the most recent visit. While the closer markets traveled repeatedly and were therefore more likely to have taken a recent trip, this was not the case with the Opportunity markets. Their trips were more evenly spread throughout the year, although their summer visitation was below average.

Visited California in...

Season	Opportunity	Index
Winter (December/January/February)	10.5%	107
Spring (March/April/May)	20.9%	102
Summer (June/July/August)	28.8%	90
Fall (September/October/November)	39.7%	106

Predictably, visitors from the Opportunity markets took more time to plan their trips. Almost all their trips were planned at least a month in advance, with over one-third planning three months or more beforehand. While in other markets advertising can generate a quick return in terms of trips, the advertising in these markets should run at least three months before the designated travel season. This may not be the summer season, as travel was a bit lower during the summer months.

Started Planning Trip to California

Timeframe	Opportunity Markets	Index
Less than one week	5.2%	74
One to two weeks	7.6%	90
Two to three weeks	8.9%	103
Three to four weeks	12.7%	100
One to two months	27.0%	100
Three to four months	21.0%	102
More than 4 months in advance	16.5%	115

The pattern of visitation from the Opportunity markets differed a bit from the others. The average stay was just over the average – and just 20% of the trips were the traditional 2-day getaway. Another 15% were 3 days, and 50% were between 4 and 7 days. Fifteen percent of the trips were longer than a week, longer than reported for closer markets. The travel party size for this group was average and less than a quarter included kids.

Specifics	Opportunity Markets	Overall Average
Number of nights	4.8	4.7
People on trip	2.6	2.8
Kids under 18 on trip	0.5	0.5
% Of trips with children under 18	23.60%	21.6%

These visitors were slightly more likely to use paid lodging and less likely to stay with family or friends.

Used Paid Lodging	Opportunity Markets	Overall
Yes	70.0%	67.1%
VFR	32.5%	39.4%

Visitors from the Opportunity markets generally visited major California destinations - LA, San Francisco and San Diego. One way to generate additional repeat visitation might be to specifically promote less frequently visited areas.

California Destinations Visited

	Opportunity Markets	Overall	Index
Los Angeles	40.9%	31.9%	128
San Francisco	40.3%	33.2%	121
San Diego	26.2%	28.7%	91
Anaheim/Orange County	19.3%	19.8%	97
Other	10.3%	17.8%	58
Sacramento	8.7%	11.0%	79
Palm Springs	7.0%	12.3%	57
Lake Tahoe	5.8%	12.0%	48
Monterey	3.8%	9.8%	39

Visitors from these markets were less likely to visit California to see friends or relatives, but were more likely to enjoy shopping, outdoor activities, historic sites and wineries. These visitors also reported enjoying an average of 2.6 activities, as compared to 2.2 among visitors overall.

Activities – Opportunity Markets

Activities	Opportunity Markets	Index to Average
Shopping	65.4%	103
Outdoor activities	48.8%	106
Visit with friends or relatives	48.2%	94
Take scenic drives / driving tours	40.2%	99
Visit historic sites or museums	31.4%	112
Attend special events	25.8%	93
Visit state or national parks	20.3%	93
Visit amusement / theme parks	18.9%	103
Other	11.3%	108
Visit wineries	10.8%	109
Attend sporting events	7.5%	85

Given that these trips were a bit longer than average and included more activities, it is not surprising that trip expenditures were higher. In addition, given distance, these visitors spent substantially more on transportation. They also spent much more on lodging, meals and entertainment.

Expenditures for...	Opportunity Markets	Overall
Lodging/Accommodation	\$458	\$362
Meals/Food/Groceries	\$327	\$253
Entertainment/Attractions	\$180	\$146
Shopping	\$227	\$204
Entertainment, e.g., shows/theater/concert	\$63	\$48
Transportation, e.g., gas/rental/flight	\$424	\$330
Other	\$48	\$36
Total	\$1,729	\$1,379
Per person expenditures	\$658	\$497
Per person/per day	\$138	\$101

The demographic profile of Opportunity market visitors was average in many ways:

- Average in terms of marital status, ethnicity and age
- Better educated, with over 85% having at least a college degree
- Earn higher household incomes (\$114,000 versus \$98,000)

As noted, while the Opportunity markets represent just a few geographic areas, their populations are large. There were almost 2.0 million ad aware households in these markets, with 465,000 taking 745,000 qualified trips to California, (trips that occurred after the advertising campaign began). Overall, about 1.2 million qualified trips were taken, with 63% being influenced trips. This finding reinforces the importance of advertising in these markets.

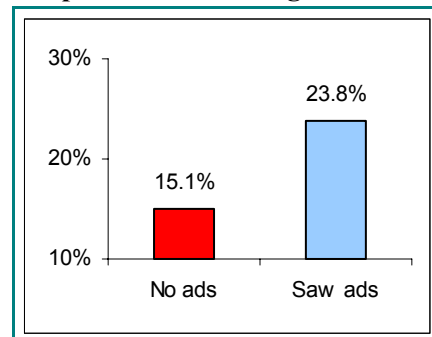
Influenced Visitation Opportunity Markets

Population	4,486,440
Aware	44%
Aware HHs	1,956,088
Level of travel among aware	23.80%
Influenced HHs	465,549
Average number of trips	1.6
Influenced trips	744,878

The key to evaluating the potential of these markets is determining whether the advertising generated travel that would not have otherwise occurred. In fact, the level of travel among those who saw the advertising was substantially higher than those without awareness, with an increment of 8.7 points.

Given the level of awareness and the incremental travel, there were 170,000 incremental traveling households, representing 187,000 incremental trips equaling 440,000 incremental visitors.

Impact of Advertising on Travel



The level of incremental travel from these markets was substantial, although not as high as from Other Western markets. Here, the competitive situation was strong, which makes it more difficult to attract visitors. Still, these markets obviously offer potential and it is likely that additional advertising over time will increase visitation.

	Opportunity Markets
Targeted HHs in Market	4,486,440
Awareness %	44%
Aware households	1,956,088
Increment of travel	8.70%
Incremental HHS traveling	170,180
Average Trips	1.1
Incremental Trips	187,198
Average visitors	2.6
Incremental Visitors	442,467

In-state Market – California Residents

California residents represent a large market of potential travelers, with over 11.5 million households. With a national campaign, in-state residents became part of the target market. California residents need to be reminded to travel their state rather than other destinations. At the same time, California residents tend to be quite proud of their state and are likely to visit other parts of California regardless of advertising.

The popularity of the State is evident when visitation patterns are considered, with over 60% of the residents reporting a leisure trip within the State during 2006. California was, by far, the most popular destination, though 12.6% of the residents indicated not taking a leisure trip to any of these states. Nevada was the only close competitor, with 45% visiting this state. Note that two of the more distant states - Florida and New York - were more popular than nearby options.

When the average number of trips is considered, the good news is that many of the residents traveled within the State and reported taking multiple trips. This information can be combined to measure the share of trips that each state received (within this competitive set.) Within these states, over 50% of the trips residents took were within California, with an additional 25% taken to Nevada. None of the other states garnered a large share of trips.

Visitation to Competitive States – In-state

State	% Visited during 2006	Average # Trips	Share of Trips
California	62.0%	3.2	52.7%
Nevada	44.6%	2.1	24.8%
New York	15.3%	1.1	4.3%
Florida	15.0%	1.3	5.3%
Hawaii	12.9%	1.2	3.9%
Texas	9.3%	1.5	3.8%
Colorado	8.1%	1.3	2.8%
Utah	6.6%	1.3	2.3%

The survey asked people about their most recent trip to the State. Predictably, given the number of trips taken within the State, almost half of in-state visitors reported travel during the fall. They were much more likely to report a recent trip, as compared to visitors overall.

Visited California in...

Season	Residents	Index
Winter (December/January/February)	6.2%	55
Spring (March/April/May)	17.1%	80
Summer (June/July/August)	29.5%	89
Fall (September/October/November)	47.3%	138

As might be expected, residents reported a much shorter planning cycle, as almost half indicated planning their trip a month or less in advance. The average planning time for residents was 50 days, compared with 63 for visitors overall.

Started Planning Trip to California

Timeframe	Residents	Overall
Less than one week	11.3%	184
One to two weeks	9.2%	110
Two to three weeks	10.6%	126
Three to four weeks	16.1%	131
One to two months	26.4%	96
Three to four months	17.1%	82
More than 4 months in advance	8.2%	54

While trips taken by residents were shorter compared to all visitors, they still averaged 4.0 nights. The travel party size was similar, at 2.6 people, and about 20% included children. This number is quite low compared to the findings of other research conducted by SMARI, indicating that California garnered more adult-only trips.

Specifics	Residents	Overall Average
Number of nights	4.0	4.9
People on trip	2.6	2.8
Kids under 18 on trip	0.5	0.5
% Of trips with children under 18	20.2%	21%

California residents were just as likely as other visitors to use paid lodging, although they were also just as likely to stay with family or friends.

Used Paid Lodging	Residents	Overall
Yes	68.8%	67.1%
VFR	39.4%	39.4%

Due to multiple trips, residents reported higher visitation to most areas of California, though lower levels of visitation to LA. In part this is because many are from LA, but even non-LA residents report slightly lower visitation to the city.

Destinations in California

	Residents	Overall	Index
San Francisco	37.2%	34.0%	109
San Diego	32.9%	26.5%	124
Los Angeles	29.0%	32.8%	88
Anaheim/Orange County	22.7%	16.8%	135
Other	20.8%	16.7%	124
Palm Springs	16.9%	10.8%	156
Lake Tahoe	16.9%	11.5%	147
Monterey	14.5%	9.3%	156
Sacramento	12.6%	10.2%	124

Residents that traveled the State enjoyed different activities than travelers at large. They were more likely to attend sports events and visit state or national parks, and less likely to participate in other activities – especially shopping. While residents trips were somewhat shorter than average, they reported participating in more activities - an average of 2.8 activities, compared to 2.2 for all visitors.

Activities – In-state Visitors

Activities	Residents	Index to Average
Shopping	55.5%	84
Visit with friends or relatives	48.6%	94
Outdoor activities	45.2%	96
Take scenic drives or driving tours	38.7%	93
Attend special events	27.1%	95
Visit historic sites or museums	26.7%	93
Visit state or national parks	24.0%	111
Visit amusement or theme parks	18.2%	99
Attend sporting events	13.0%	168
Other	11.3%	114
Visit wineries	9.2%	97

Residents spent less than other visitors, primarily due to shorter trips and lower transportation expenditures. The per-person/per-day expenditures were actually a bit higher. Keeping residents in the State does pay off in terms of the trips they take and the money they spend.

Expenditures for...	In-state Residents	Overall
Lodging/Accommodation	\$321	\$361
Meals/Food/Groceries	\$211	\$253
Entertainment/Attractions	\$135	\$145
Shopping	\$173	\$205
Entertainment, e.g., shows/theater/concert	\$54	\$47
Transportation, e.g., gas/rental/flight	\$226	\$340
Other	\$29	\$39
Total	\$1,149	\$1,390
Per person expenditures	\$435	\$496
Per person/per day	\$109	\$101

Demographically residents who traveled the State were:

- Less likely to be married - more likely to be divorced / single
- More likely (than average) to be of Asian, Hispanic or mixed ethnicity
- Earn lower household incomes (\$88,000 versus \$98,000)

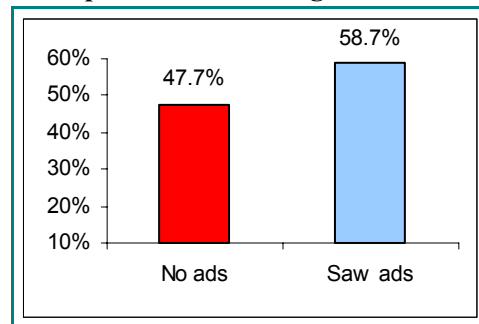
Among residents, 3.7 million households traveled, taking over 10 million influenced trips. This large number is representative of the State's huge population and the tendency of residents to take multiple trips around their state.

Influenced Visitation California Residents

Population	11,502,870
Aware	55.50%
Aware HHs	6,384,093
Level of travel among aware	58.7%
Influenced HHs	3,747,463
Average Trips	2.8
Total Trips	10,492,895

Yet, with residents it can be difficult to generate *incremental* travel, as they are often already heavy users. For this campaign, however, the advertising did create impact, with an 11-point difference in the level of travel among those with ad awareness. This represents over 700,000 more households traveling the State. As shown in the influenced travel, residents tended to take multiple trips. Among those that saw the advertising, slightly more trips were made, resulting in 772,000 incremental trips.

Impact of Advertising on Travel



Incremental Travel California Residents

	Residents
Targeted HHs in Market	11,502,870
Awareness %	56%
Aware households	6,384,093
Increment of travel	11.00%
Incremental HHS traveling	702,250
Additional Trips	1.1
Incremental Trips	772,475
Incremental Visitors	1,825,851

California residents represent an important target for state tourism efforts. While many will travel regardless of advertising, the ads generated more travel and helped keep more travelers in the State. Given the State's large population, the incremental impact was quite substantial and is certainly worth maintaining and growing.

Non-targeted National Market

This year's ad campaign was national in scope. As such, while specific markets were targeted for advertising, the actual ads reached a much broader audience. Consequently, it is useful to review the behavior of those in the National, non-targeted areas.

These markets were not targeted and visitation from these areas was lower than recorded for other markets. Less than a quarter of respondents reported visiting California; the total share of travel was just 15%. Florida was the most popular destination, followed by NY and Texas.

As with other more distant markets, visitation was less recent. Summer was the most popular season; these visitors were more likely to visit during spring and winter months.

Visitation to Competitive States Non-target National

State	% Visited during 2006	Average # Trips	Share of Trips
Florida	30.6%	1.8	34.4%
New York	19.1%	2.0	23.9%
Texas	11.0%	1.7	11.5%
California	12.4%	1.5	11.5%
Nevada	10.8%	1.4	9.0%
Colorado	7.8%	1.3	6.0%
Hawaii	3.0%	1.2	2.1%
Utah	2.1%	1.2	1.5%

Visited California in...

Season	National	Index
Winter (December/January/February)	13.0%	132
Spring (March/April/May)	22.2%	108
Summer (June/July/August)	34.6%	108
Fall (September/October/November)	30.1%	81

Again, with distance, the travel planning cycle was longer, with most planning at least one to two months in advance and many even further ahead. Advertising aimed toward these markets should be timed earlier than it is for more proximate markets.

Started Planning Trip to California

Timeframe	National Non-target	Overall
Less than one week	5.1	73
One to two weeks	8.3	98
Two to three weeks	8.1	93
Three to four weeks	11.8	92
One to two months	28.0	104
Three to four months	20.9	101
More than 4 months in advance	16.5	115

When people from these areas visited, they tended to stay longer. About a quarter were short trips of 2 nights or less, and half were between 3 days and a week, with the final quarter being a week or longer. The size of their travel parties was average.

Specifics	National	Overall Average
Number of nights	5.1	4.9
People on trip	2.8	2.8
Kids under 18 on trip	0.4	0.5
% Of trips with children under 18	20.30%	21%

The pattern of accommodations usage was similar to all other markets, with about two-thirds using paid accommodations, and 40% staying with family or friends.

As with the Opportunity markets, California visitation was concentrated in San Francisco and LA. Visitation to other areas was comparatively low, compounded by the fact that these visitors made fewer trips to the State.

Used Paid Lodging	Residents	Overall
Yes	66.3%	67.1%
VFR	40.4%	39.4%

Destinations in California

	National Non-target	Overall	Index
San Francisco	36.0%	33.2%	108
Los Angeles	35.0%	31.9%	110
San Diego	21.0%	28.7%	73
Other	14.0%	17.8%	79
Lake Tahoe	10.0%	12.0%	83
Anaheim/Orange County	9.0%	19.8%	45
Sacramento	8.0%	11.0%	73
Monterey	8.0%	9.8%	82
Palm Springs	7.0%	12.3%	57

A key reason for trips taken by this audience was to visit friends or relatives; resulting in the participation of fewer activities - an average of 2.0 activities, compared to 2.2 for all visitors. Shopping was also popular, as were outdoor activities and scenic drives.

Activities	National	Index to Average
Shopping	69.5%	109
Visit with friends or relatives	52.0%	101
Outdoor activities	47.8%	104
Take scenic drives / driving tours	42.3%	104
Visit historic sites or museums	29.9%	107
Attend special events	29.3%	106
Visit state or national parks	21.3%	98
Visit amusement or theme parks	18.3%	99
Other	9.1%	87
Visit wineries	9.1%	92
Attend sporting events	6.3%	71

These visitors' expenditures were average across the board, totaling about \$1400. The most money was spent on lodging and transportation, followed by food and shopping.

Expenditures for...	National Non-targeted	Overall
Lodging/Accommodation	\$359	\$361
Meals/Food/Groceries	\$253	\$253
Entertainment/Attractions	\$144	\$145
Shopping	\$207	\$205
Entertainment, e.g., shows/theater/concert	\$46	\$47
Transportation, e.g., gas/rental/flight	\$353	\$340
Other	\$42	\$39
Total	\$1,404	\$1,390
Per person expenditures	\$495	\$496
Per person/per day	\$96	\$101

Demographically these National, non-targeted visitors to California were:

- Married, Caucasian and about a quarter had children living at home
- Have a high level of education, with over 80% having at least a college degree
- Earn higher household incomes (\$113,000 versus \$98,000)

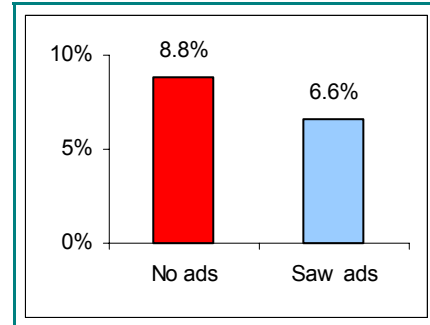
These markets comprise a large population, but awareness was fairly low. Additionally, travel to California was low. Still, over 7.5 million aware households generated 500,000 traveling households and over 750,000 influenced trips.

Influenced Visitation - National

Population	30,035,843
Aware	25.40%
Aware HHs	7,629,104
Level of travel among aware	6.60%
Aware HHs traveling	503,521
Average # trips	1.5
Influenced trips	755,281

These markets were not identified as offering strong potential, but received advertising as part of the national cable buy. No extra advertising/marketing was targeted to these consumers. As such, the advertising failed to generate incremental travel.

Impact of Advertising on Travel



Incremental Travel – National

	National
Targeted HHs in Market	30,035,843
Awareness %	25.40%
Aware households	7,629,104
Increment of travel	0
Incremental HHS traveling	0
Incremental visitors	0

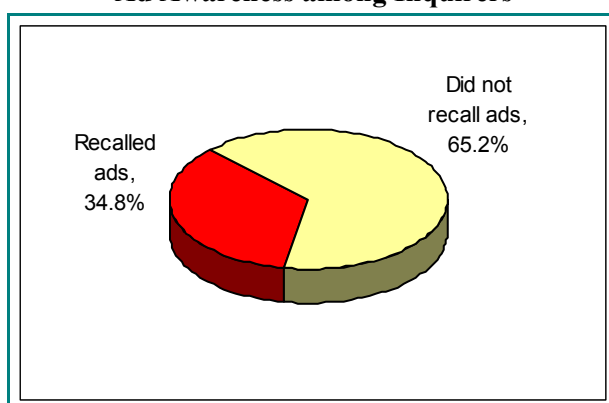
These diverse markets are generally quite a distance from California. While the population base is large, it is dispersed, making targeting more difficult. The national cable buy reached this audience and influenced some travel. Still, without a more targeted effort, the ads did not generate incremental travel. Over time, these markets may begin to generate trips. In the short term, however, better targets exist for California Tourism.

CALIFORNIA INQUIRIES

This research measures the impact of the advertising by evaluating behavior among the target population. As such, a random sample of people in the target markets was surveyed to provide an overview of the impact of the advertising. It does not explore the impact of all the marketing efforts. California Tourism also influences consumers via its Website and printed travel guide. These people are represented via the contacts that request information from the tourism office. We review their behavior for two reasons. First, as mentioned, these people represent another way in which the marketing influences travel. Second, for some people requesting information is a second step after seeing the advertising. In this case, the request for information represents another step in the “customer relationship.” Understanding the behavior of inquirers can help California Tourism find ways to create customer loyalty and further influence travel behavior.

About a third of those who requested information recalled seeing California Tourism advertising. While this means that the ads did generate inquiries – the majority of the information requesters were already considering a visit to California.

Ad Awareness among Inquirers



The geographic distribution of inquirers shows an interesting pattern. Compared to the population overall, inquirers were most likely to come from the Western Feeder markets, and then from the remaining National markets. Californians and those in the Opportunity markets were the least likely to be requesters. The prevalence of requesters from the Western Feeder markets is likely due to concentrated advertising which has run over time in these markets. This supposition is supported by the fact that an even higher percentage of inquirers from the Western Feeder markets saw the advertising, which also seemed to spur California residents to request information.

	Population	Inquirers	Index
California	20%	11%	53
Western Feeder Markets	5%	9%	179
Other Western	14%	13%	96
Opportunity	8%	4%	56
Remaining National	53%	63%	118

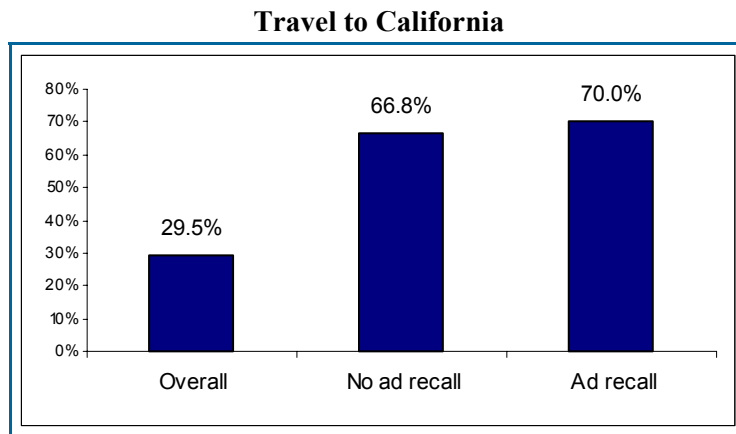
Comparison of Inquirers by Advertising Awareness

	No Ads Index	Ads Index
California	10	13
Western Feeder Markets	7	15
Other Western	13	13
Opportunity	5	5
Remaining National	65	54

The demographic profile of those who requested information differs from the target audience overall. Information requesters (inquirers) reported having less education, a lower level of income and they were older.

	Inquirers	Target Audience
Marital Status		
Married	70.9%	69.2%
Divorced/Separated	11.3%	11.0%
Widowed	2.3%	2.0%
Single/never married	15.5%	17.8%
Education		
High school or less	7.5%	3.0%
Some College/Tech. school	27.0%	22.3%
College graduate	41.0%	42.5%
Post graduate degree	24.5%	32.2%
Ethnicity		
African American	1.4%	2.0%
Asian-American	2.6%	6.4%
Caucasian	85.5%	84.4%
Hispanic/Latin American	4.0%	3.2%
Mixed ethnicity	2.6%	2.1%
Native American	0.7%	0.5%
Other	3.2%	1.4%
Male	42.4%	39.1%
Female	57.6%	60.9%
Age	49.7	46.9
People in household	2.6	2.6
Children under 18	0.6	0.6
Kids in home	29.6%	29.7%
Income	\$74,877	\$98,250

Those who requested information were much more likely to be travelers and the combination of ads and fulfillment heightened this scenario. While less than 30% of the target population reported traveling California, more than two-thirds of inquirers reported doing so. For those who saw ads and requested information, the level of travel was 70%.



Relative to repeat visitation, California garnered 35% of the travel among the states tested. Florida and Nevada were the next most popular states among this audience.

Repeat Visitation to...

California	35%
Florida	17%
Nevada	14%
New York	10%
Texas	9%
Colorado	7%
Utah	5%
Hawaii	2%

Inquirers tended to plan their trips much further in advance than other people, with well over half planning their trip at least three months in advance. In fact, many planned more than four months in advance.

Started Planning Trip to California

Timeframe	Inquirers	Overall
Less than one week	0.8%	11
One to two weeks	3.2%	37
Two to three weeks	3.8%	43
Three to four weeks	7.6%	59
One to two months	22.1%	82
Three to four months	33.4%	162
More than 4 months in advance	28.2%	197

In terms of where they traveled within California, inquirers were less likely to visit major cities and more likely to visit other areas of the State. The sites mentioned by these inquirers included Yosemite, Carmel and Napa Valley.

Destination	Inquirers	Overall	Index
San Diego	24.0%	28.7%	84
Los Angeles	27.9%	31.9%	87
San Francisco	32.9%	33.2%	99
Sacramento	9.4%	11.0%	85
Anaheim/Orange County	19.2%	19.8%	97
Monterey	17.9%	9.8%	184
Palm Springs	6.8%	12.3%	55
Lake Tahoe	8.4%	12.0%	69
Other	28.6%	17.8%	161

Part of the reason that inquirers planned their trips much further in advance is reflected in the duration of their visits – which averaged a week compared to less than 5 nights for visitors overall. Trips taken by inquirers were also much more likely to include children.

Specifics	Inquirers	Overall Average
Number of nights	7.0	4.9
People on trip	2.9	2.8
Kids under 18 on trip	0.6	0.5
% Of trips with children under 18	35.7%	21%

These longer trips resulted in greater participation in activities – these visitors reported an average of 3.9 activities compared to 2.2 for visitors overall. The most popular activities included scenic drives, outdoor activities, visiting historic sites and state and national parks. This group was much more likely to visit the State’s amusement parks and wineries. They were much less likely to visit friends or relatives.

Activities - Inquirers

Activities	Inquirers	Index to Average
Take scenic drives / driving tours	65.0%	159
Shopping	56.8%	89
Outdoor activities	55.6%	120
Visit historic sites / museums	51.4%	184
Visit state or national parks	47.4%	217
Visit with friends or relatives	38.7%	75
Visit amusement / theme parks	24.4%	133
Visit wineries	21.3%	214
Attend special events	19.9%	72
Attend sporting events	9.6%	108
Other	7.3%	70

Inquirers were also quite valuable because they spent so much during their visits. In part, this is due to longer trips, but even in this context, their per-person and per-person/per day expenditures were higher than average. This finding suggests that their interaction with California Tourism helped educate them about options and convince them to do more while in the State.

Expenditures for...	Inquirers	Overall
Lodging/Accommodation	\$757	\$361
Meals/Food/Groceries	\$467	\$253
Entertainment/Attractions	\$281	\$145
Shopping	\$285	\$205
Entertainment, e.g., shows/theater/concert	\$71	\$47
Transportation, e.g., gas/rental/flight	\$645	\$340
Other	\$64	\$39
Total	\$2,570	\$1,390
Per person expenditures	\$368	\$293
Per person/per day	\$126	\$109

These findings reinforce the impact of California's additional marketing efforts. They support the advertising and represent another way for California Tourism to influence travel. The interaction assists in extending visitors' trips, increases expenditures and promotes less well known parts of the State.

INFLUENCED & INCREMENTAL TRAVEL

This study provides a great deal of information about visitors' travel patterns and trip specifics, valuable to the State as it explores options for marketing and boosting visitation. Each market group exhibits different travel patterns, especially relative to California trips. Since marketing is designed to influence travel and generate incremental trips, we review the markets relative to travel potential and performance.

Influenced trips - trips taken by people who were exposed to California Tourism advertising. While many would have traveled anyway, the advertising had some influence and helped to reinforce travel intentions. Overall, 6.6 million households took 15.6 million influenced trips – most were from California residents, which represented 67% of the total. This information is similar to the data from the California Domestic Travel Report 2005 provided by D.K. Shifflet & Assoc. which show that residents comprise a majority of the State's leisure travelers.

Influenced Trips	In-state	Western Feeder	Other Western	Opportunity	National Non-target	Total
Aware HHs	6,384,093	1,502,162	3,163,428	1,956,088	7,629,104	20,634,876
Level of travel among aware	58.7%	31.60%	44.9%	23.80%	6.60%	32.0%
HHs traveling	3,747,463	474,683	1,420,379	465,549	503,521	6,611,595
Average trips	2.8	2.0	1.9	1.6	1.5	2.4
Influenced trips	10.5 million	950,000	2.7 million	750,000	750,000	15.6 million

Within the out-of-state markets, the Other Western markets delivered the most influenced trips. These markets represent a big geographic area and the level of travel was the highest among the out-of-state areas. This finding suggests that the Western states offer great potential for additional travel.

The best comparison relative to the Opportunity markets are the Remaining National markets, as they are also more distant markets. The level of travel from the Opportunity markets was less than from the Western states, but considerably higher than from the non-targeted National areas. These markets are more likely to travel California and represent strong potential.

Incremental trips - trips which would not have occurred without the advertising. These trips use the behavior (level of travel) among those with no advertising awareness as the benchmark, and then any additional travel that occurred among those with advertising awareness is determined. This is counted as incremental travel. Incremental travel is both an increased percentage of people traveling, or the fact that those traveling took more trips to the State.

Overall, 1.5 million incremental trips were generated by the advertising. Again, California residents generated the most incremental trips - about half the total. The Other Western markets also generated over half a million trips, with the remainder coming from the Opportunity markets. Neither the Western Feeder nor the National Non-targeted markets produced incremental travel.

	In-state	Western Feeder	Other Western	Opportunity	National	Total
Population	11,502,870	2,861,262	7,908,571	4,486,440	30,035,843	56,794,986
Awareness	56%	53%	40%	44%	25.40%	36.3%
Aware HHs	6,384,093	1,502,162	3,163,428	1,956,088	7,629,104	20,634,876
Incremental travel	11.00%	0.00%	12.30%	8.70%	0.00%	6.1%
Households visiting	702,250	0	389,102	170,180	0	1,261,532
Average # of trips	1.1	1.2	1.5	1.1	1.4	1.2
Incremental trips	772,475	0	583,653	187,198	0	1,543,325

ECONOMIC IMPACT & ROI

This market review sets the stage for considering the overall economic impact of the advertising. This national survey focused on high income households. Overall, almost 57 million households reported taking approximately 37 million trips, equaling \$50.8 billion in economic impact and \$3.2 billion in tax revenue.

However, as discussed, much of this travel would have occurred *without* the advertising. Consequently, one must assess the actual impact of the campaign and its economic impact. When only the households that *recalled* the advertising are considered, they represent 15.6 million trips, which generated over \$19.2 billion in spending and \$1.2 billion in tax revenue.

To be even more conservative, incremental travel represents trips that *would not have occurred without advertising*. There were 1.5 million incremental trips, with a total economic impact of \$1.96 billion that generated \$127 million in tax revenue.

Total Economic Impact from Households in Target Markets

	Total	Ad Aware	Incremental
Households	56,794,986	20,634,876	20,634,876
Travel	29.5%	32.0%	6.1%
Traveling households	16,754,521	6,611,595	1,261,532
Average # of trips	2.2	2.4	1.2
Trips	36,859,946	15,641,142	1,543,325
Average expenditures	\$1,379	\$1,227	\$1,268
Economic Impact	\$50.8 billion	\$19.2 billion	\$1.96 billion
Tax revenues generated	\$3,288,692,299	\$1,242,170,445	\$126,659,176

Finally, consideration of the media expenditures necessary to generate this economic impact provides the ROI and the general fund (tax) return on investment. For influenced trips, the ROI was over \$4500, and the general fund ROI was \$282. The ROI based on incremental travel was \$445 for each \$1 invested in media and the general fund ROI was \$29:\$1.

ROI

	Influenced	Incremental
Trips	15,641,142	1,543,325
Average expenditures	\$1,227	\$1,268
Economic impact	\$19.2 billion	\$1.96 billion
Tax revenue	\$1,242,170,445	\$126,659,176
Campaign expenditures	\$4.4 million	\$4.4 million
ROI	\$4,363	\$445
General fund ROI	\$282	\$29

The ROI figure for incremental travel is obviously much lower than it would be if all the trips taken by those who saw the advertising were considered. Nonetheless, this conservative effort directly links the impact of the advertising in generating new and incremental trips to the State. This measure represents the level of travel that the State would have *lost* without this specific tourism marketing effort.

The 2006 ROI is much higher than the numbers recorded in 2003. However, then, the campaign was much more limited in scope geographically. At that time, the campaign was focused on a group of Western markets and did not include California residents or the National and Opportunity markets.

CONCLUSIONS & RECOMMENDATIONS

In 2006, California Tourism implemented a national ad campaign, which included the use of cable television. **The national television strategy worked, producing impressive results in terms of travel and economic impact.** The campaign reached a broad national audience and influenced both attitudes and travel to the State. Over 20.6 million households reported recalling the TV advertising, and these households took **15.6 million influenced trips to California. During these trips, visitors spent \$19.2 billion. This generated \$1.2 billion in taxes for California, which means that each \$1 invested in marketing returned \$282 in taxes to the State.**

A more conservative measure is made via the level of *incremental travel, travel which would not have occurred* without the ad campaign. The campaign generated **1.5 million incremental trips, during which visitors spent \$1.96 billion. These expenditures generated \$126 million in taxes, meaning that for each \$1 invested \$29 in taxes was returned to the State.**

The difference in performance between the market groups was significant. A review of these differences provides useful guidance:

Western Feeder Markets – represent several traditionally strong markets for California. In these markets, California was the most popular destination, with over 40% reporting a visit during 2006. Additionally, visitors reported making multiple trips, averaging over 2 a year. These visitors were also valuable given their higher-than-average expenditures.

At the same time, because these markets have been traditionally strong, California may have reached saturation. While travel was strong, and there were 950,000 influenced trips, no incremental travel was generated by these markets. Undoubtedly, people in these markets are quite familiar with California's offerings. As such, advertising mainly reminds them that the State is a good travel option. Of course, there is a great deal of competition for travelers from these markets, and California needs to maintain market share and visitation from these areas. In this context, it would make sense to maintain an advertising presence through the national cable buy, but consider focusing additional resources in other geographic areas.

Other Western Markets – these markets are in the western states surrounding California, but they are not key feeder markets. California was the most popular destination, with over 44% reporting a visit during 2006. As was the case in key Feeder markets, repeat visitation was strong, with visitors reporting an average of 2 visits per year. This group of markets represents a large population with lots of potential for growth.

In total, 2.7 million influenced trips were made by these markets, along with 580,000 incremental trips. In fact, except for California residents, this group of markets generated the highest level of incremental visitation and the most incremental trips. With the performance of the five Western Feeder markets waning, it might make sense to shift some of the additional advertising dollars into other Western markets such as Las Vegas, Tucson and key Oregon and Idaho markets.

Opportunity Markets – California Tourism identified five national markets that represent large populations and good potential. These included New York City, Chicago, Dallas, Houston and San Antonio. Due to their potential, these markets received additional advertising and promotional dollars. While they offer much potential, at this point, visitation to California is still fairly low, as just 24% reported visiting the State in 2006. Some repeat visitation occurred, with an average of 1.5 trips reported during the year. California is competing with Nevada, New York and Florida in these markets.

Even so, these markets performed quite well during the first year of focused resources. In total, 750,000 influenced trips and 187,000 incremental visits were generated. Additionally, these visitors spent well above the average during their trips, making them especially valuable. California Tourism should maintain a strong focus in these areas, and it is likely that travel will grow. Many of these residents are traveling west (specifically Nevada), so it is likely that they can be convinced to visit California.

In-state – This market is important to California Tourism. There are over 11 million households in the State and despite already strong resident travel, the advertising generated additional travel. Residents enjoy traveling their State, as 62% reported doing so, making an average of 3.2 in-state excursions. While they spent a bit below the average during their travels, much of this was due to lower transportation costs.

Most importantly, the advertising influenced residents' behavior. California residents generated 10.5 million influenced trips, representing two-thirds of all the influenced travel. Additionally, 770,000 incremental trips were generated which would not have otherwise occurred. The national cable buy will continue to reach this market, and it might also make sense to focus resources in-state, especially since many competitors are targeting key California markets and trying to convince residents to leave the State.

National Non-targeted – through the use of the national cable buy, the advertising reaches a large, non-targeted population. Despite this large population, they are currently less likely to visit California, as just 12% reported visiting the State in 2006. Florida and New York were much more popular destinations.

While 750,000 influenced trips to California were generated, no incremental travel occurred. It is probably not prudent to focus more resources on these markets. Still, a national campaign will provide a presence and begin to grow preference and visitation over time.

Inquirers – represent the marketing efforts that supplement the advertising and provide useful information to people planning to visit. Inquirers record a high level of visitation and the combination of advertising and materials boosts visitation even more. These visitors seem more loyal – they certainly stay longer and spend more money. This reinforces the benefits of the informational function provided by the State. The key challenge is effectively using these efforts to build loyalty and repeat usage.

APPENDIX

Advertising Effectiveness Travel Follow-up Questionnaire

California Tourism

November 2006

SAMPLE: 1 – FOLLOW-UP (From first survey, had seen ads on air)
 2 – AUGMENT (to fill quotas and find consumers who haven't seen ads)

Thank you for visiting our travel survey. Your opinions are valuable to us!! This survey is about travel and vacation choices. This is for research purposes only and is an opportunity for you to give feedback to travel destinations so that they can improve. No sales effort will ever result from your participation.

Before you begin, there are a few things to note about the survey:

- For most questions, simply click on the button of your response and then click on the Next button to go on to the next question.
- If you need to go back to the preceding question to change your response, click on the Previous button.
- For some questions, you will need to scroll down to respond to all the questions on a screen.
- To stop at any point, close the browser window. The survey will terminate and you will not be able to re-enter.

LINK 1 – Western Feeder, Opportunity Markets

LINK 2 = Instate, Western 2 & National Markets

- S1. First, who in your household is primarily responsible for making decisions concerning travel destinations?

1 SELF
2 SELF & OTHER
3 SPOUSE/OTHER → TERMINATE

FOR SAMPLE 1, SKIP TO Q1

S2. Do you normally take at least one vacation or leisure trip a year? A leisure trip would be any non-business trip involving at least one night stay at a location at least 50 miles from your home?

1 Yes
2 No → TERMINATE

S3. What is your zip code? _____

S4. Of the following states, where do you live? (ONLY ASK OF LINK 2)

[PROGRAMMER: INSERT 51 STATE DROP DOWN LIST AND FORCE ANSWER]

S5. Of the following cities, which are closest? (ONLY ASK OF LINK 1)

1. Seattle
2. Portland
3. Salt Lake City
4. Denver
5. Phoenix
6. Houston
7. Dallas
8. San Antonio
9. New York City
10. Chicago

S6. Which of the following categories best represents the total annual income for your household before taxes?

- ☐ Less than \$35,000 → IF LINK 1 TERMINATE
- ☐ \$35,000 but less than \$50,000 → IF LINK 1 TERMINATE
- ☐ \$50,000 but less than \$75,000 → IF LINK 1 & S5 = 6-10, TERMINATE
- ☐ \$75,000 but less than \$100,000
- ☐ \$100,000 or more

1.

	Please check the states that you have visited for a leisure trip since the beginning of 2006?	How many trips have you taken to the state during 2006?
Texas	<input type="checkbox"/>	<input type="checkbox"/>
Florida	<input type="checkbox"/>	<input type="checkbox"/>
Nevada	<input type="checkbox"/>	<input type="checkbox"/>
California	<input type="checkbox"/>	<input type="checkbox"/>
Utah	<input type="checkbox"/>	<input type="checkbox"/>
New York	<input type="checkbox"/>	<input type="checkbox"/>
Hawaii	<input type="checkbox"/>	<input type="checkbox"/>
Colorado	<input type="checkbox"/>	<input type="checkbox"/>
None of these state	<input type="checkbox"/>	

[IF NONE – SKIP TO INTERNET INTRO BEFORE Q11]

(IF Q1=CALIFORNIA, ASK ABOUT TRIP TO CALIFORNIA OTHERWISE SELECT ANOTHER STATE RANDOMLY AND ASK ABOUT THAT **ONE** STATE. ASK Q2 ONLY FOR CALIFORNIA TRIPS)

Now, please give us some information about your most recent trip you took this year to [INSERT NAME OF STATE].

2. Where within California, did you go on this trip?

- 1...SAN DIEGO
- 2...LOS ANGELES
- 3...SAN FRANCISCO
- 4...SACRAMENTO
- 5...ANAHEIM/ORANGE COUNTY
- 6...MONTEREY
- 7...PALM SPRINGS
- 8...LAKE TAHOE
- 9...OTHER...specify _____

3. What month did you take your most recent trip to [INSERT STATE]?
- 1..... JANUARY
 - 2..... FEBRUARY
 - 3..... MARCH
 - 4..... APRIL
 - 5..... MAY
 - 6..... JUNE
 - 7..... JULY
 - 8..... AUGUST
 - 9..... SEPTEMBER
 - 10..... OCTOBER
 - 11..... NOVEMBER
4. How many nights did you spend in [INSERT STATE] during this trip?
RECORD NUMBER_____
5. As part of your trip to [INSERT STATE], did you use paid accommodations?
- 1...YES
 - 2...NO
6. As part of your trip to [INSERT STATE] did you stay with friends and/or relatives?
- 1...YES
 - 2...NO
7. Which of the following did you do as a part of your trip?
- 1...Visit wineries
 - 2...Visit historic sites or museums
 - 3...Visit amusement or theme parks
 - 4...Outdoor activities
 - 5...Go shopping
 - 6...Attend special events
 - 7...Take scenic drives or driving tours
 - 8...Attend sporting events
 - 9...Visit state or national parks
 - 10...Visit with friends or relatives
 - 11...Other _____
 - 12...Other _____
8. To better understand your travel habits, we are interested in finding out the approximate amount of money you and other members of your travel party spent while in [INSERT STATE]. Please estimate how much your travel party spent in total on...?
- | | |
|--|-------|
| Lodging/Accommodations | _____ |
| Meals/Food/Groceries | _____ |
| Entertainment/Attractions | _____ |
| Shopping | _____ |
| Entertainment such as shows, theater or concerts | _____ |
| Transportation such as gasoline, auto rental or flight costs | _____ |
| Other | _____ |
9. Including yourself, how many people were on this trip?
RECORD NUMBER _____ (IF 1, SKIP TO Q10)
- 9a. How many were under the age of 18? **RECORD NUMBER**_____

10. Thinking about this trip, how far in advance did you begin to plan?

- 1...Less than one week
- 2...One to two weeks
- 3...Two to three weeks
- 4...Three to four weeks,
- 5...1 – 2 months
- 6...3-4 months or
- 7...More than four months in advance
- 8...Don't know

IF SAMPLE 1, THANK AND END, IF SAMPLE 2, CONTINUE

Now you will be shown some travel advertisements, and asked for feedback. Please choose whether you will be viewing the ad using a dial-up modem, or using broadband (cable modem, dsl, T1 or other fast modem)

- ☐ Dial-up modem (56k)
- ☐ Broadband (100k or better)
- ☐ Don't know

SHOW CALIFORNIA TELEVISION AD

mms://sms7.omniproductions.net/CA06_CATV1-1.wmv

mms://sms7.omniproductions.net/CA06_CATV1-1a.wmv

11. How many times have you seen this ad?

- ☐ Never
- ☐ Once
- ☐ Two or three times
- ☐ Three or more times
- ☐ Could not view ad

SHOW PRINT AD

I:\Team David\Ads - Master\California\1019104

A - California_ad_defy.jpg

B - California_CoOpInsert_Cover.jpg

FOR EACH AD ASK THE FOLLOWING QUESTION

12. Do you recall seeing the following ad?

- ☐ Yes
- ☐ No

The following questions are for classification purposes only, and will help us understand different groups of people.

13. What is your marital status? Are you...?

- ☐ Married
- ☐ Divorced/Separated
- ☐ Widowed
- ☐ Single/Never married

14. Including yourself, how many people are currently living in your household? _____

15. How many living in your household are children under the age of 18? _____
16. Which of the following categories best represents the last grade of school you completed?
- ☐ High school or less
 - ☐ Some College/Technical school
 - ☐ College graduate
 - ☐ Post graduate degree
17. Which of the following best describes your ethnic heritage? Are you...
- ☐ African American
 - ☐ Asian-American
 - ☐ Caucasian
 - ☐ Hispanic/Latin American
 - ☐ Mixed ethnicity
 - ☐ Native American
 - ☐ Other

DELETED QUESTION REGARDING OCCUPATION

18. Which of the following categories best represents the total annual income for your household before taxes?
- ☐ Less than \$35,000
 - ☐ \$35,000 but less than \$50,000
 - ☐ \$50,000 but less than \$75,000
 - ☐ \$75,000 but less than \$100,000
 - ☐ \$100,000 but less than \$125,000
 - ☐ \$125,000 but less than \$150,000
 - ☐ More than \$150,000
19. What is your age?
- ☐ 18-24
 - ☐ 25-35
 - ☐ 36-45
 - ☐ 46-54
 - ☐ 55 or older
20. Are you...
- ☐ MALE
 - ☐ FEMALE

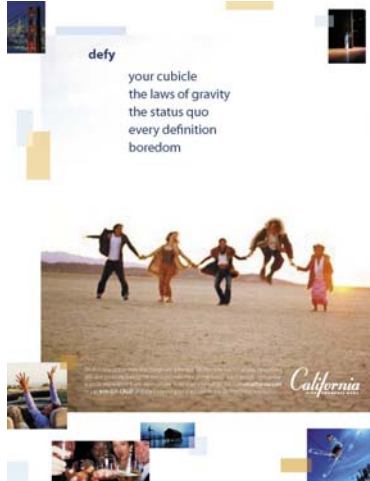
THANK YOU FOR PARTICIPATING IN THIS SURVEY

Tested Advertising

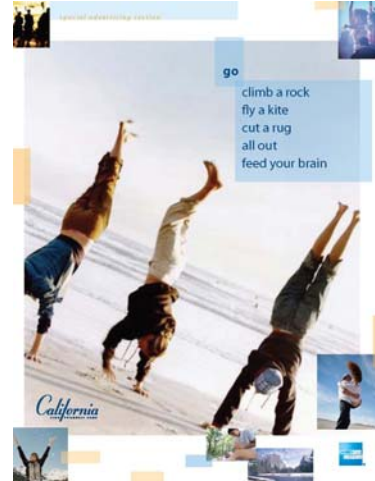
California

Print

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California_ad_defy.jpg



California_CoOpInsert_Cover.jpg

TV

mms://sms7.omniproductions.net/CA06_CATV1-1.wmv
mms://sms7.omniproductions.net/CA06_CATV1-1a.wmv